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impact & innovation Unit

BEHAVIOURAL INSIGHTS PROJECT:

INCREASING TAKE-UP OF THE CANADA LEARNING BOND

Impact and Innovation Unit - Privy Council Office

Canada

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EXECUTIVE SUMMARY

The Canada Learning Bond (CLB) is an educational savings incentive that provides children from low income families born in 2004 or later with financial support for post-secondary education. Personal contributions are not required to receive the CLB, however take-up remains low among the eligible population. The Impact and Innovation Unit (IIU), in collaboration with the Learning Branch and the Innovation Lab at Employment and Social Development Canada (ESDC) conducted a randomized controlled trial to test the effectiveness of behavioural insights (BI) in correspondence sent to primary caregivers of children eligible for the CLB. Letters were modified with the use of behaviourally-informed additions in order to encourage primary caregivers to open a Registered Education Savings Plan (RESP) for their child or children and to receive the CLB.

Behavioural insights is a multidisciplinary approach that applies knowledge and tools from the behavioural sciences, including behavioural economics, psychology, and social marketing, to encourage positive changes in behaviour.

The trial tested two different base letters (standard and modified) as well as three behaviorally-informed additions designed to mitigate behavioural barriers to take-up of the CLB. The standard letter is currently used by the Learning Branch at ESDC to encourage take-up of RESPs and the CLB. The modified letter used altered content and design to make benefits of the CLB more salient. Each of these letters was sent in its base form, as well as with each of three additions that use behavioural insights to encourage CLB take-up. These additions were:

1. **Imagery and accompanying text** ("this day will come sooner than you think") designed to help parents to picture their child's graduation to make the benefits of the CLB feel closer

2. **A mock cheque** designed to make the CLB tangible in a physical form that primary caregivers are familiar with

3. **A checklist** designed to provide a concrete call to action to request the CLB

The trial found that approximately 5% of primary caregivers opened an RESP and requested the CLB without receiving a letter. On average, sending a letter increased take-up rates to between 8-9% and the best performing letters resulted in take-up rates above 14%. There was no statistically significant difference in CLB take-up rates between the groups that received the standard or modified letter.

In addition, it was found that primary caregivers who have one or more children that are newly eligible for the CLB had higher take-up rates overall than those whose children were all previously eligible and have received correspondence for all of their children in the past. These groups also responded to the letters differently. The most effective letter addition for the previously eligible population was the mock cheque, which tripled CLB take-up in that population relative to not receiving a letter. Primary caregivers of newly eligible children responded best to the checklist, which provided a call to action and broke down the steps to open an RESP and request the CLB. Both results are statistically significant at the 90% confidence level.

This trial demonstrates the effectiveness of BI interventions tailored to the particular behavioural barriers that affect specific populations in increasing take-up of programs like the CLB. If scaled across the eligible population, the best performing letter would result in thousands more children receiving this education savings incentive on an annual basis.

Beyond this trial, ESDC uses direct mailings in its efforts to raise awareness of education savings incentives. At least four times per year, letters are sent to primary caregivers from low-income families to inform them that their child is eligible to receive the CLB with information on how to request it on their behalf. The results of this trial will be used to enhance the letters sent to primary caregivers of eligible children in current and future mailings. This letter routinely undergoes iterations to improve its effectiveness, through findings from previous trials and through feedback from partners and stakeholders that ESDC collaborates with in its outreach activities.

INTRODUCTION

The Canada Learning Bond (CLB) is an education savings incentive administered by Employment and Social Development Canada (ESDC). It is designed to encourage and reinforce the importance of saving for a child's post-secondary education through Registered Education Savings Plans (RESP). Eligible children from low-income families can receive $500 upon opening an RESP at a participating organization, such as a bank, credit union, or group scholarship plan dealer, and applying for the CLB. Children who remain eligible continue to accumulate $100 in their RESP every year until they turn 15, for a maximum total value of $2,000. No contributions are required for the CLB, but individuals that contribute to an RESP can also receive additional education savings incentives such as the Canada Education Saving Grant (CESG). More information about RESPs and its associated education savings incentives can be found here.

The Impact and Innovation Unit (IIU), in collaboration with the Learning Branch and the Innovation Lab at ESDC conducted a trial to test the effectiveness of correspondence sent to primary caregivers of children who are eligible for the CLB, but have not yet received it. Letters were modified with the use of behaviourally-informed additions to encourage primary caregivers to open RESPs in order for children under their care to receive the CLB.

Although ESDC provides incentives to encourage post-secondary educational savings for children from low-income families, only 34.7% of eligible children received the CLB as of 2016 (see figure 1).

Approximately 1.81 million eligible children have yet to receive the CLB. Increasing uptake of the CLB and other government benefits for low-income families is a key priority for the Government of Canada. This trial is part of a larger research portfolio led by the IIU and ESDC that seeks to understand and address barriers to benefit uptake among low-income families.

Program Descriptions

Canada Learning Bond – an education savings incentive that provides up to $2,000 into the RESPs for eligible children from low-income families. For more information, see here.

Canada Education Savings Grant – an education savings incentive where the Government of Canada matches a percentage of annual personal contributions made to an RESP. For more information, see here.

Registered Education Savings Plan – a savings account registered by the Government of Canada to help individuals save money for a child's post-secondary education. RESPs allow savings for a child's future studies to grow tax-free, until a child enrolls in full-time or part-time studies in an apprenticeship program, trade school, CEGEP, college, or university. The Canada Learning Bond and the Canada Education Savings Grant can only be accessed through the RESPs. Anyone can open an RESP account and name a child as beneficiary – parents, guardians, grandparents, other relatives or friends. The funds can be used to help with the costs of tuition, housing, and other education-related expenses. More information on RESPs can be found here.

> "APPROXIMATELY 1.81 MILLION ELIGIBLE CHILDREN HAVE YET TO RECEIVE THE CLB."

BARRIERS TO ENROLMENT

Through research conducted by ESDC, IIU, as well as community-based and research organizations,[i,ii,iii,iv] a set of behavioural barriers have been identified that may be responsible for low uptake of the CLB among the eligible population.

Misperceptions about RESPs

Some primary caregivers of eligible children might wrongly think it is necessary to contribute funds to an RESP in order to receive the CLB. Research also suggests that some primary caregivers think that RESPs can only be used to cover tuition for universities and colleges, limiting the program's perceived utility, while RESP funds can also be used for other educational expenses like housing, books and transportation.

Process Barriers

Opening an RESP currently requires a Social Insurance Number (SIN) for both the primary caregiver and the child. In addition, opening an RESP often requires primary caregivers to go to the physical location of an RESP promoter, such as a bank or credit union, because online or telephone sign-up is limited.

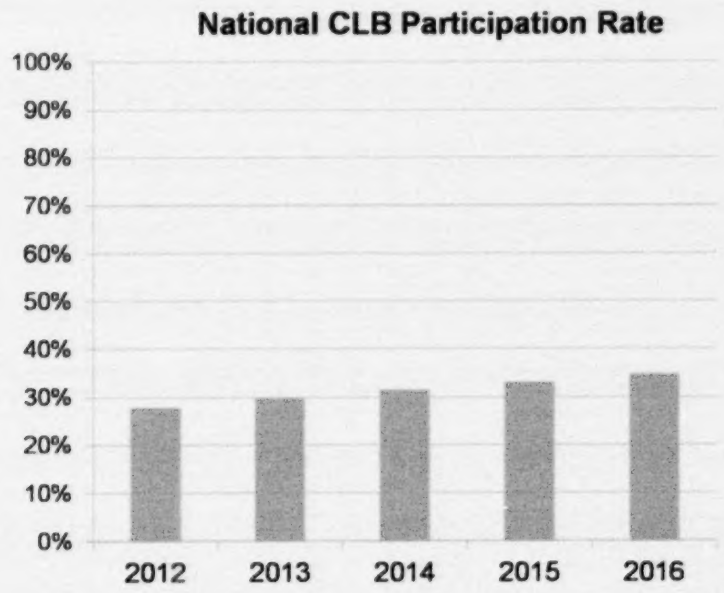
Subjective Distance

The benefits of the education savings incentive (supporting child's post-secondary education) may feel distant in time and difficult to visualize, while the costs of enrolment are in the present. This may result in myopic decision-making that postpones completing the steps required to request the CLB.

Low awareness of the CLB

Although low-income families tend to be aware of RESPs in general, their awareness of the CLB and understanding of its benefits tend to be very low.

FIGURE 1- NATIONAL CLB PARTICIPATION RATE



TRIAL DESIGN

Approach and Methodology

A randomized controlled trial (RCT) was conducted, in which primary caregivers of CLB eligible children received different versions of the letter informing them about the CLB and encouraging them to open an RESP to receive it. Letters were sent out in February 2017.

The trial tested two different base letters as well as three behaviourally-informed additions designed to mitigate some of the behavioural barriers. The standard letter (figure 2) is currently used by the Learning Branch at ESDC to encourage take-up of the RESP and CLB and is the control condition for this trial. The modified letter (figure 3) uses altered content and design to make benefits of the CLB more salient (p. 10 for more details). Each of these letters were sent in its base form, as well as with each of three additions designed to mitigate the barriers listed above (figures 3-5).

The trial sought to understand the causal impact of behaviourally informed correspondence on CLB uptake. To this end, CLB take-up was evaluated in August 2017, six months after the letters were sent, in order to ensure sufficient time for primary caregivers to open an RESP and request the CLB. Data provided by ESDC was analyzed by ESDC's Innovation Lab to assess the effectiveness of the letters on CLB take-up and determine which messages were most effective.

A stratified random sampling method was used to ensure an approximately equal number of primary caregivers with newly eligible children as well as those who have previously eligible children only.

Newly Eligible – A child is considered newly eligible for the CLB when they meet the eligibility criteria for the first time. The primary caregivers of newly eligible children would not have received mail correspondence regarding the CLB for their newly eligible children from the Government of Canada before this trial.

Previously Eligible – Primary caregivers with children that have been previously eligible for the CLB would have been sent mail correspondence from the Government of Canada when they first became eligible for the education savings incentive.

Approximately 50% of primary caregivers were selected with at least one child that was newly eligible for the CLB, whereas the other 50% of primary caregivers had only previously eligible children. On average, children that have been previously eligible for the CLB are older than their newly eligible counterparts. In total, the sample included 42,479 primary caregivers and 69,430 CLB-eligible children.

Primary caregivers were randomly assigned into nine groups, with approximately 4,720 primary caregivers per group. Randomization was done at the primary caregiver level, in order to ensure primary caregivers with multiple children would receive identical letters from the same experimental condition (letter group) for all of their eligble children:

	Group	Number of Letter Recipients
1	Standard Letter (Control)	4,722
2	Standard Letter + Image	4,729
3	Standard Letter + Cheque	4,736
4	Standard Letter + Checklist	4,719
5	Modified Letter	4,699
6	Modified Letter + Image	4,710
7	Modified Letter + Cheque	4,724
8	Modified Letter + Checklist	4,721
9	No Letter	4,719
	Total	42,470

FIGURE 2 - STANDARD

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Primary Caregiver's Name
Address Line 1
Address Line 2
City, Province Postal Code

The Government of Canada is pleased to inform you that [Child's first name] is eligible to receive a Canada Learning Bond of at least $500!

The Canada Learning Bond can help you start saving now for your child's education after high school. The Government of Canada will deposit **$500** directly into an education savings account, known as a Registered Education Savings Plan (RESP).

You don't have to put any money into the RESP to receive the Canada Learning Bond! Your child could also get an additional $100 each year up to age 15, to a maximum of $2,000.

How do I open an RESP and receive the Canada Learning Bond?

It's quite simple! Follow these steps to receive money for your child's education after high school:

Step 1: Get a Social Insurance Number (SIN) for you and your child. Go to www.canada.ca/social-insurance-number or call 1-800-622-6232 to find out how.

Step 2: Make an appointment with a participating financial institution of your choice. Please bring this letter and SIN numbers for you and your child.

Step 3: Open an RESP and apply for the Canada Learning Bond.

Are there other education savings incentives available?

Yes! Based on your net family income and your annual contribution, the Government of Canada can also add 20% to 40% in an RESP for your child with the Canada Education Savings Grant.

The Canada Learning Bond and the Canada Education Savings Grant can help your child pay for full-time or part-time studies in an apprenticeship program, trade school, CEGEP, college or university.

BI ADDITION
(See Figures 4-6)

FIGURE 3 - MODIFIED LETTER

Government of Canada | Gouvernement du Canada

Primary Caregiver's Name
Address Line 1
Address Line 2
City, Province Postal Code

The Government of Canada is pleased to inform you that [Child's first name] is eligible to receive at least $500 for their education after high school.

This money – called the Canada Learning Bond – will help you start saving now for your child's education after high school. This money can be used to pay for their education in an apprenticeship program or at a trade school, CEGEP, college, or university. The Government of Canada will deposit **$500** directly into an education savings account, known as a Registered Education Savings Plan (RESP).

You don't have to put any money into the RESP to receive the $500.

How do I open an RESP and receive the Canada Learning Bond?

Follow these steps to receive money for your child's education after high school:

Step 1: Get a Social Insurance Number (SIN) for you and your child. Go to www.canada.ca/social-insurance-number or call 1-800-622-6232 to find out how.

Step 2: Make an appointment with a participating bank or other financial institution of your choice. Please bring **SIN numbers for you and your child** and say: **"I want to open a no-fee Registered Education Savings Plan (RESP) and get the Canada Learning Bond".**

Are there other education savings incentives available?

Yes! With the Canada Learning Bond, your child could also get an additional $100 each year up to age 15, to a maximum of $2,000. If you also contribute money into the RESP, the Government of Canada will add between 20% and 40% of your contribution, depending on your family income and the amount contributed.

BI ADDITION
(See Figures 4-6)

Salience of Benefits

Process Simplification

FIGURE 4 - ADDITION 1: IMAGERY-SUBJECTIVE DISTANCE REDUCTION

This day will come sooner than you think!

Help make their future bright by opening an RESP. Receive at least $500 to support your child's education after high school.

FIGURE 5 - ADDITION 2 CHEQUE - HIGHLIGHTS POTENTIAL LOSS OF TANGIBLE BENEFITS

Don't miss this opportunity to secure [first name]'s future – make an appointment with a participating financial institution of your choice to open an RESP and get at least $500 for education after high school.

This is a reminder to stick on the fridge.

Date: February 27, 2017

To: *[Child's first name and last name]*

Amount: *Five Hundred Dollars* $500.00

Memo: *For education after high school*

FIGURE 6 - ADDITION 3: CHECKLIST - A CONCRETE CALL TO ACTION

This is a reminder to stick on the fridge.

To do:

Get $500 for [child first name]'s education

- ❑ Get a Social Insurance Number (SIN) for [child's first name] – Go to www.canada.ca/social-insurance-number or call 1-800-622-6232 to find out how
- ❑ Make an appointment with a participating financial institution of your choice to open an RESP
- ❑ Bring my SIN along with [child first name]'s SIN to the appointment and say:

  "I want to open a no-fee RESP and get the Canada Learning Bond"

BEHAVIOURAL SCIENCE RATIONALE

The modified letter and each of the additions were created to address the behavioural barriers identified on page 5. While the letter itself acts as a reminder of the CLB, the changes to the letters were designed to address the other barriers described above: misconceptions about the CLB and RESPs, process barriers, and subjective distance.

While the letter itself acts as a reminder of the CLB, the changes to the letters were designed to address the other barriers described above: **misconceptions about the CLB and RESPs, process barriers, and subjective distance.**

Standard Letter - The standard letter, which is the letter that was used by ESDC in its direct mailings to primary caregivers of eligible children from low-income families at the time of this trial, is well-designed and has evolved over time to be consistent with a number of behavioural science principles. For example, the letter is short and concise, and it is personalized with the child's name. It communicates the benefits of the education savings incentive and presents the information in a structured manner. The sign-up process is broken down into steps and emphasis is placed on the steps by enclosing them in a box. This letter continues to undergo enhancements through incorporating the findings from this and previous trials, as well as through feedback from partners and stakeholders that ESDC collaborates with in its outreach efforts.

Modified Letter – In the modified letter, the benefits of the CLB and RESPs were brought to the first section of the letter so that they would be more salient and easier for people to read.[v] The first section of the modified letter emphasized that the money can be used to pay for post-secondary education in apprenticeships, trade school, or CEGEP in addition to college and university, and that beneficiaries can get up to $2,000. In the box outlining the steps needed to open an RESP, the modified letter framed the process as a two- (vs. three-) step process to reduce the perceived complexity of the process.

Imagery – The image and accompanying text ("this day will come sooner than you think") in this addition were designed to make the child's enrolment in post-secondary education feel closer in time for the primary caregivers reading the letter. Imagery can facilitate the processing of the benefits of receiving the CLB and enable parents to picture their child in that situation (high school graduation). By making the benefits of the education savings incentive feel closer and more salient, it was hypothesized that primary caregivers would be more motivated to open an RESP for their child.

Cheque – The mock cheque was designed to make the benefits of the education savings incentive appear more tangible in a physical form that recipients are already familiar with. The accompanying text and the form of the cheque use the principle of loss aversion to frame non-take-up as the loss of a benefit to the recipient. The cheque was for illustrative purposes only and could not be deposited at an organization that offers RESPs, such as a bank, scholarship plan dealer or insurance company. Above the cheque was a dotted line and scissors to indicate that this section could be torn away and kept as a reminder.

Checklist – The checklist was designed to help potential recipients navigate the process of enrolment by providing them with a concrete call to action.[vi] The checklist not only provides information on the steps that need to be completed to open an RESP and request the CLB, but also provides instructions on how to complete those steps. The checklist was also meant as a tear-away to be kept as a reminder by the recipient.

RESULTS

How effective were the letters at increasing the take-up of the CLB?

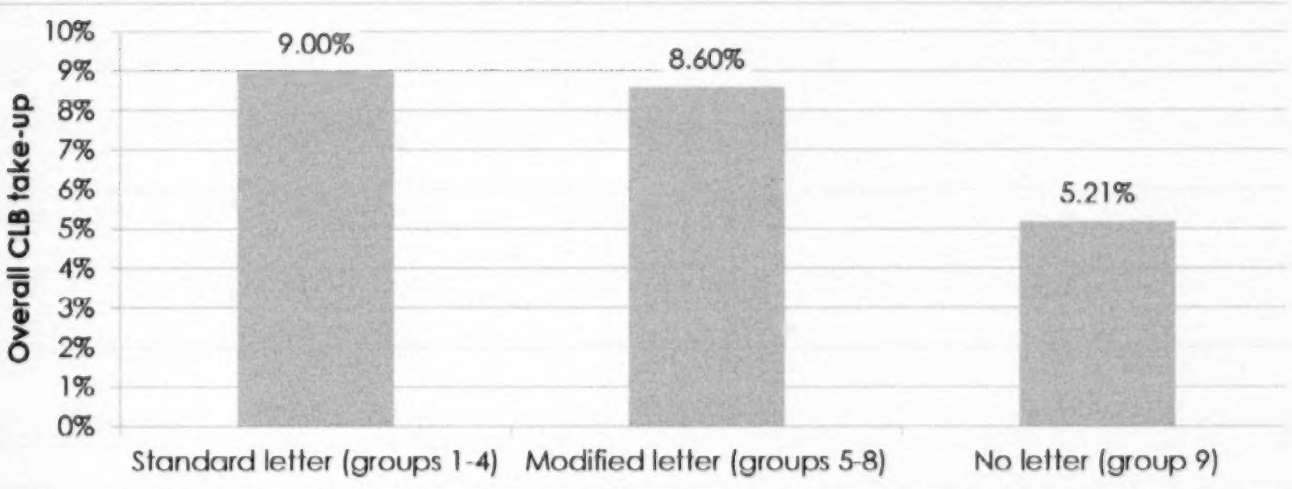
Receiving any one of the letters significantly increased the take-up of the CLB versus not receiving a letter at all. Without receiving a letter, approximately 5% of primary caregivers signed up for the CLB. Sending a letter resulted in an additional 3 to 4% increase in the CLB take-up rate, for a total of 8 to 9% of primary caregivers signing up. There was no statistically significant difference between take-up rates between the standard and modified letters (see figure 7).

Newly versus previously eligible

CLB take-up rates were significantly higher among primary caregivers with at least one newly eligible child than primary caregivers who had only previously eligible children. Without receiving any letters, approximately 9% of primary caregivers with newly eligible children signed up for the CLB. The highest performing letter (group 4) resulted in 14% of primary caregivers signing up for the CLB for their children, which is a percentage increase of over 50% over the standard letter without the additions.

In contrast, primary caregivers with only previously eligible children who did not receive a letter during this trial had a CLB take-up rate of approximately 2%. The highest performing letters (group 3) resulted in 6% of primary caregivers signing up for the CLB, effectively tripling the CLB take-up rate in this population.

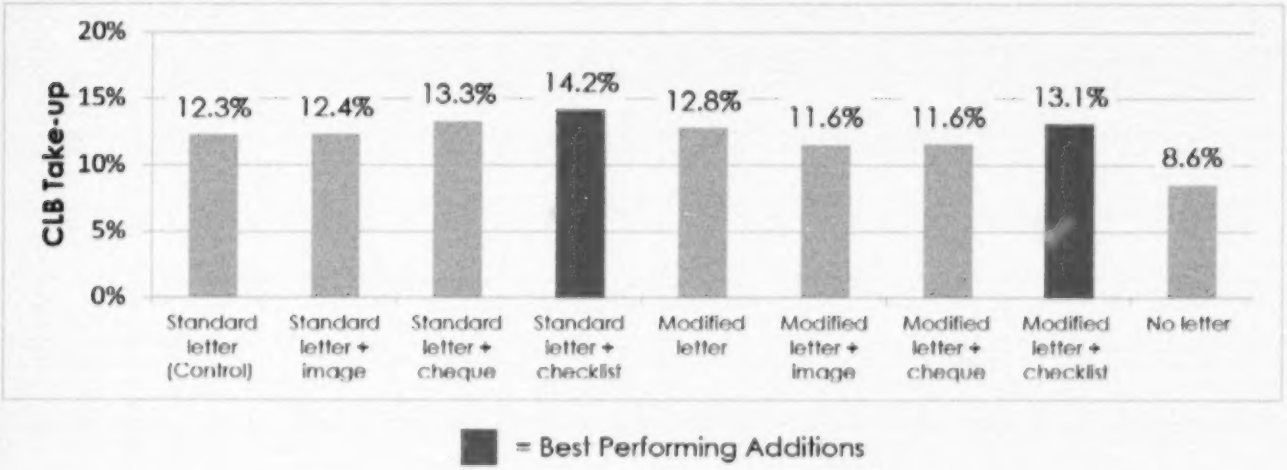
FIGURE 7 - COMPARING TAKE-UP WITH THE STANDARD VS. MODIFIED LETTER (COMBINED NEWLY AND PREVIOUSLY ELIGIBLE)



Which letters worked best for newly eligible?

While sending a letter increased take-up, the checklist was the most effective addition for primary caregivers that had at least one newly eligible child in their care (see figure 8).[vii]

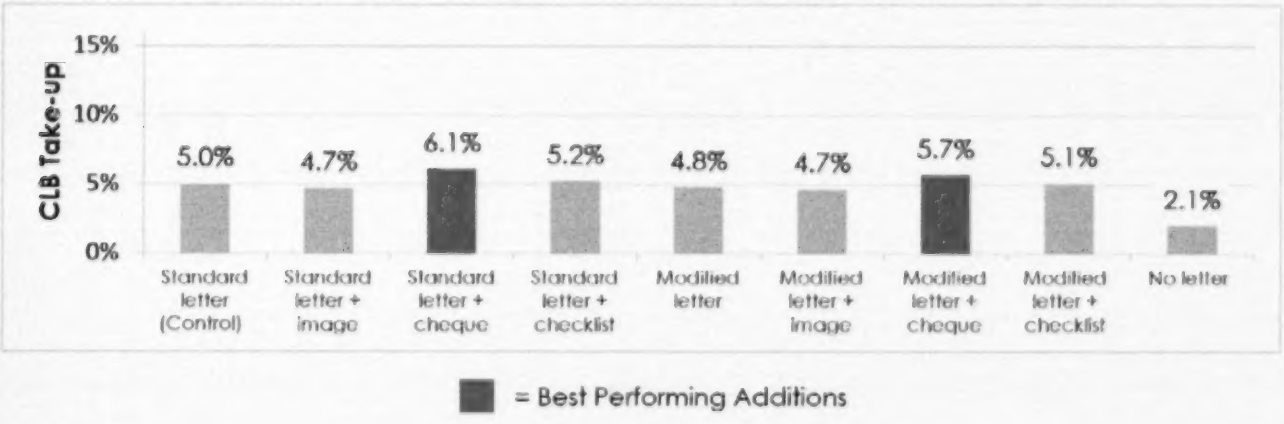
FIGURE 8 - COMPARING TAKE-UP WITH THE DIFFERENT LETTER VARIATIONS FOR THE NEWLY ELIGIBLE GROUP



Which letters worked best for previously eligible?

While sending a letter increased take-up, adding a cheque to the letter was the most effective addition for primary caregivers that had only previously eligible children in their care (see figure 9). [viii]

FIGURE 9 - COMPARING TAKE-UP WITH THE DIFFERENT LETTER VARIATIONS FOR THE PREVIOUSLY ELIGIBLE GROUP



RESULTS SUMMARY

Overall, the checklist worked best for primary caregivers with at least one newly eligible child, whereas the cheque worked best for primary caregivers with only previously eligible children. Both the checklist and cheque were tear-away additions to the letter that served as reminders to get the CLB; however, they addressed different behavioural barriers. The cheque made the benefit of the incentive tangible and highlighted what primary caregivers would have missed out on if they did not sign-up. The checklist was more effective among the newly eligible population because it provided a clear call to action while providing steps and instructions on how to complete a process that might be new to the primary care giver of a newly eligible child. Statistical analysis was conducted using a logit multiple regression model and results were robust to the inclusion of controls for language, geography, and children's age.

Overall, the checklist worked best for primary caregivers with at least one newly eligible child, whereas the cheque worked best for primary caregivers with only previously eligible children.

ADDITIONAL INSIGHTS

Age and regional variations

Additional exploratory analyses were conducted in order to identify factors that influence CLB take-up. Children's age was one important factor. In general, the older the child, the less likely the primary care giver was to open an RESP and request the CLB. Regional variations were also observed. CLB uptake was generally higher in Western Canada and Quebec. Many of these provinces (British Columbia, Saskatchewan, Quebec) had additional educational savings incentives tied to RESPs at the time of the trial, which may explain the higher levels of uptake. Take-up rates tended to be lower in Ontario and Atlantic Canada. These findings are consistent with those from previous mailing initiatives.[18]

Parents requesting the CLB for some of their eligible children

Some primary caregivers that requested the CLB in response to the letter did not request it for all of the children under their care. Specifically, about 13% of primary caregivers did not request the CLB for all of the eligible children under their care. More research is needed to understand what drives this behaviour.

The need for reminders

For primary caregivers with previously eligible children who have received one or more letters before, receiving the highest performing letters in this trial (with the cheque add-on) tripled CLB take-up. This suggests that repeatedly contacting primary caregivers in different ways might be effective.

Value of money

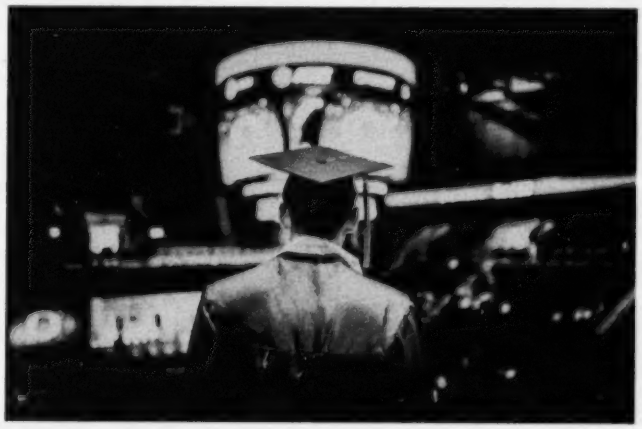
The CLB is available to all eligible children from low-income families. As mentioned earlier, the CLB currently has a take-up rate of 34.7%, meaning that 1.81 million eligible children have yet to receive the education savings incentive. Based on the costs of mail-outs in this trial, the cost per sign-up on average was $32.75. The cost per sign-up for newly eligible households was $21.54 due to the higher take-up rates. Previously eligible children were more costly to sign-up with mail outs, with a cost per sign-up of $45.53. These costs reflect the fact that some individuals would have opened an RESP and requested the CLB on behalf of their children even if they would not have received a letter. These figures do not represent the operating costs of the program in general, and may not be generalizable to other initiatives aimed at promoting the CLB or other programs for low-income families.

CONCLUSION

This randomized controlled trial tested a series of letters designed to increase take-up of the Canada Learning Bond among eligible children from low-income families. Modifications to some text elements in the letter that was used by ESDC to encourage CLB enrolment did not result in a statistically significant increase in the number of primary caregivers signing up. However, behaviourally informed additions to the letters were found to increase CLB take-up. A mock cheque added to the bottom of the letter increased take-up among primary caregivers of children that have been previously eligible for the CLB. For primary caregivers of newly eligible children, a checklist that provided a concrete call to action and provided instructions was found to increase take-up of the CLB.

The results of this trial suggest that targeted approaches using behavioural insights through use of interventions and experimentation may help to address specific behavioural barriers that prevent participation in public programs, such as the education savings incentives administered by ESDC. Taking the best performing additions in this trial to scale would result in thousands more children benefiting from the CLB and help them afford post-secondary education.

Since the culmination of this trial, ESDC has incorporated the best performing addition, as well as other enhancements to the letters in its direct mailings to Canadians with children eligible for the CLB. ESDC's Learning Branch is a leader in employing innovative approaches to increasing take-up of the CLB and continues to work to improve programs, policies and processes in this space. The IIU would like to thank the Learning Branch and the Innovation Lab at ESDC for making this trial possible and for their work in improving the standard of living and quality of life for all Canadians.



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vii Result significant at the 90% confidence level.

viii Result significant at the 90% confidence level.

ix ESDC Innovation Lab (2017). Canada Learning Bond Nudge Trial: Testing the effectiveness of Behavioural Insights through a promotional mailing.